

CAPITAL IMPROVEMENT PROGRAM REVIEW

TO: Planning Commission

FROM: Sara Hartzell, Planning Department

SUBJECT: DRAFT FY 2008/09 - 2013/14 Capital Improvement Program

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COPIES: Mayor Beutler, Mayor's Capital Improvement Advisory Committee

MEMO ONLY: City Directors, County Budget Office, Media

This memorandum and accompanying document represent the Planning Commission Review Edition of the City of Lincoln's FY 2008/09 - 2013/14 Capital Improvement Program (CIP). (*The Planning Commission Review Addition of the 2008/09 - 2013/14 CIP is available online at <<http://www.lincoln.ne.gov>> Keyword: cip*)

This memorandum is divided into the following two major sections: (1) Background and Introduction, including consideration of the City Charter specified tasks of the Planning Commission in review of the draft CIP, and review of other factors regarding the development of the draft CIP; and, (2) Capital Improvements Program Departmental Review, including a department by department examination of projects and Comprehensive Plan conformity.

1. BACKGROUND AND INTRODUCTION

This section of the memorandum considers a range of topics relating to the City's CIP review procedures. These topics are as follows:

- A. Planning Commission Review Requirements
- B. Conformity Standards and Criteria
- C. Capital Improvements Definition
- D. Unified CIP and TIP
- E. General Obligation (GO) Bonds
- F. Project Scheduling

A. Planning Commission Review Requirements

In accordance with Article IX-B, Section 7, of the Lincoln Charter, city departments and agencies have submitted their six-year capital improvement requests to the Planning Director for compilation into the attached draft document. *The Planning Commission's task is to now review these individual capital requests to determine their conformity with the approved Comprehensive Plan.* Your comments will then be forwarded to the Mayor's Capital Improvement Advisory Committee (CIAC), and then to the City Council for consideration during their upcoming budget deliberations.

The City Charter's discussion of Comprehensive Plan conformity relative to the capital improvement program is two fold. First, on several occasions the Charter stresses the importance of ensuring that Comprehensive Plan conformity is determined before capital projects are approved by City Council. One entire section of the Charter (i.e., Article IX-B, Section 6) deals exclusively with this issue. It states in part,

"No ordinance, or resolution, which deals with the acquisition, extension, widening, narrowing, removal, vacation, abandonment, sale or other change relating to any public way, transportation route, ground, open space, building or structure, or other public improvement of a character included in the comprehensive plan, shall be adopted by the council until such ordinance or resolution shall first have been referred to the planning department and that department has reported regarding conformity of the proposed action to the comprehensive plan."

The section goes on to outline procedural steps and time lines for fulfilling this requirement. (Please note that the Charter defines the term "planning department" as including the Commission, Planning Director and staff).

Second, while this directive is echoed throughout various portions of the Charter, it is mitigated by the procedural condition that the Commission's conformity finding is merely advisory. Regardless of the Commission's recommendation, the City Council can approve -- through ordinance or resolution -- any capital improvement, provided that other Charter budgetary requirements and processes are met.

In addition, while the Charter calls for a six year capital improvement program, *the City Council only approves a one year capital budget*. Although it is designed to express the City's longer term capital funding intent, the CIP document is never adopted in full.

This is not, however, to suggest that the Commission's findings on the remaining years of the CIP are not without significance. Projects in the second through sixth years that have been reviewed for conformity may be added to the Council's Capital Budget by amendment, later in the first year. Concerns raised about projects in the second through sixth year are used by elected officials and staff in the formulation of future CIPs and other departmental level capital programming documents. The private sector considers the CIP in making investment and development decisions.

Also as discussed later in section 1.D, revised Federal guidelines now require that projects included in the local area Transportation Improvement Program (TIP) be consistent with the area's long range transportation plan. This adds substantial meaning to the Commission's findings of conformity for transportation projects since the CIP projects are included in the local and State TIP. If a project is determined to be "not in conformance," Federal standards will require that it be dropped from the TIP until the project is modified and its status changed to be in conformance, or the Comprehensive Plan is amended to incorporate the project.

B. Conformity Standards and Criteria

The City Charter provides only minimal guidance to the Planning Commission and staff in judging Comprehensive Plan conformity. Specifically, the Charter states that the CIP document "...shall describe the *character and degree of conformity and nonconformity* of each project as it relates to the comprehensive plan."

At various places within the Charter this mandated review is asserted, including "special report" provisions

when capital projects are brought forth by departments independent of the regular capital improvement programming process. However, throughout the Charter's discussion on the CIP and its review and approval process, no additional standards or criteria are articulated to assist in concluding Comprehensive Plan conformity.

Historically, the Commission and planning staff have utilized a four tiered system in defining "character and degree of conformity or nonconformity:"

- In Conformance With Plan
- Generally Conforms With Plan
- Not In Conformance With Plan
- Not in Plan

The range of factors that are used by staff in formulating a recommendation of conformity or nonconformity generally included:

- **Explicit Reference and Plan Intent** - Many of the projects proposed in the CIP are explicitly identified in the Comprehensive Plan, either on a map and/or in the text. In such cases, a finding of Plan conformity -- assuming other criteria are met -- is easily established. An even larger number, however, are not shown, but their desirability, and thus assumed conformity, is implied. For example, the Plan does not get into such detail as the installation of a water fountain or play equipment in a specific City park. The City park may be shown on a map in the Plan and the intent of maintaining such a park is implicit in the Plan's goals and textual descriptions. Thus, at a minimum, a finding of general conformity would be proposed.
- **Location** - The vast majority of capital improvements are site specific. Streets, water mains, fire stations, and sewer treatment facilities are all examples of capital projects where an expressed location can be determined. Fire fighting equipment, on the other hand, is mobile and its use cannot as easily be tied to a physical site within the City.

The importance of location as a criteria has increased as we attempt to be more explicit in how we show public improvements in the Comprehensive Plan. In most cases, it is extremely helpful to have this level of detail for purposes of comparison. Conversely, such detail can become a liability as the exact location and dimensions of many capital improvements are justifiably altered as a project is refined for eventual construction.

A further element of judgement is then introduced as to the "degree" to which a proposed project may vary from how it is shown or described in the approved Plan. Is the proposed project in the exact location expressed in the Plan? If not, how and why is it different? And is that difference significant enough to render it in "nonconformity" with the Plan? Or was some degree of modification of such a project implied (i.e., accepted) as part of the Plan's approval?

- **Size, Scale and Scope** - The Plan's descriptions of capital projects can vary from the very explicit (i.e., four through lane roadway, left turn lanes, raised medians, 100 ft. ROW), to the very general (i.e., a community park within a sector of the city.) Once again, as the Plan

becomes more detailed, those charged with the responsibility of recommending findings of Plan conformity will find both benefits and liabilities in the Plan's level of specificity.

- ***Timing*** - With the incorporation of the phasing element (Tiers) into the Plan, the issue of when a public capital improvement is brought forward for development becomes increasingly significant. The availability of public infrastructure (e.g., sewer services, roads, water, fire protection) plays a pivotal role in determining where and when private capital investment might occur. Added to this is the lengthy lead time often needed in planning for and constructing public improvements.

If a department proposes a project that explicitly varies from a development schedule outlined in the Plan, then a status of "not in conformance" is implied. Where such information is less explicit (i.e., no detailed schedule is included), then the timing issue must be related to the phasing plan and the project's impact on maintaining the integrity of that element of the Comprehensive Plan.

- ***Project Definition and Description*** - A last factor used in reviewing Plan conformity is the representation that the department makes of the specific project. This is typically done within the CIP in the "Project Summary and Justification" section and the project description presented on Form A. This, in combination with information such as that outlined above, helps the reviewer form a broader understanding of the content and context of the proposed capital improvements. This in turn can be used in assessing conformity with the policies and directives contained in the Comprehensive Plan.

C. Capital Improvements Definition

In preparing the CIP, the City Charter defines "*capital improvements*" as consisting of the following:

"...the acquisition of real property; the acquisition, construction, reconstruction, improvement, extension, equipping, or furnishing of any physical improvement, but not routine maintenance work thereon; and equipment with a *probable useful life of fifteen or more years.*"

This definition has served as the basis for the development of the attached document. The term "Fiscal Year" (FY) as used in this document refers to the City's fiscal year that runs from September 1st through August 31st of the following year.

D. CIP and TIP

Federal regulations require the development of a "transportation improvement program" (TIP) for metropolitan areas such as Lincoln. Similar in character to the City's CIP, the TIP is a multi-year, capital improvement programming document. It is used to help coordinate the implementation of transportation projects within urbanized areas. The Lincoln TIP, for example, includes transportation projects for various levels of government (i.e., Federal, State, County, City), and for various modes of transportation (i.e., streets, airports, transit services.) It also serves as input into the State's TIP (STIP) that is used to coordinate transportation improvements for the entire State of Nebraska.

In years past, projects from the City's CIP have been incorporated into the Lincoln TIP following adoption of the CIP by the Council. Because of changes in Federal public involvement regulations and the desire locally to ensure that projects are properly coordinated between the two programming documents, it was decided several years ago that the two processes (i.e., formulation of the CIP and TIP) should be merged.

E. General Obligation (GO) Bonds

The City has historically used General Obligation (GO) bonds as one of several methods for financing capital improvements. The care used by past Administrations and Councils in going to the electorate with GO bond requests has been reflected in the relatively high approval rate we've experienced for such financing.

A relatively common funding source for City capital projects is the "general obligation (GO) bond." Unlike certain other forms of bonds, the City Council and Mayor cannot unilaterally issue GO bonds. The issuance of GO bonds is dependent upon the prior approval of the electorate of Lincoln. To eliminate the expense of a special election, GO Bonds may appear in any year for which a regularly scheduled election is planned. Since the process of election, issuance of bonds, and the beginning of a project is likely to take several months, the FY in which the bond election is held may not be the same year that the project is actually begun.

F. Project Scheduling

Maps included in the CIP typically indicate a project number and often an associated fiscal year. The fiscal year designation should not be taken as an automatic indicator of when a particular facility will be finished and opened for public use. In certain cases, large scale capital projects take years to complete. The reader should consult the more detailed activity information contained on the Summary of Department Projects report for a better indication of exactly when a particular capital project is likely to be completed. And even with this, please be aware that other scheduling contingencies may occur that can alter the management and completion of the project.

II. CAPITAL IMPROVEMENTS PROGRAM DEPARTMENTAL REVIEW

The balance of this memorandum presents a department by department review of capital programs for the FY 2008/09-2013/14 time period. This includes a general staff discussion of recommended Comprehensive Plan conformity status for each department. The actual project-by-project recommendations are to be found in the Project Summary report for each department. As with past CIP reviews, the four categories of conformity status mentioned earlier were used in this year's CIP document.

Table 1 displays the total proposed capital funding by departments over the six-year programming period. Total dollar amounts by funding source are shown in Table 2. General revenue fund usage is presented in Table 3, while projected General Obligation (GO) bonds are presented in Table 4.

The balance of the memorandum considers the requested six year capital programs of each department. They are presented below in the same order as in the draft CIP document that follows this memorandum.

A. BUILDING AND SAFETY DEPARTMENT

The Building and Safety Department is requesting funding for a Fire Prevention Garage. This garage would be used to house specialized equipment for the Bureau of Fire Prevention. Much of this equipment is sensitive to cold and minimal heating is needed. There is also a requirement for a secure evidence storage area. A Logos X-ray machine for taking digital x-rays of suspicious objects and packages is also requested. This machine will replace a wet film machine for which film is no longer available.

Building and Safety's projects are in General Conformance with the Comprehensive Plan.

B. FINANCE DEPARTMENT

The Finance Department's capital improvements program submittal this year targets improvements to the Communications/911 Center and operations and Pershing Auditorium .

1. Communications/911 Center

The proposed Communications/911 Center CIP includes six projects designed to enhance operations over the six-year period. These projects include: (1) upgrade of digital communications; (2) new Emergency Communication Center; (3) upgrade radio system; (4) Communications Command Post to provide support in the field; (5) public safety responder locating project; and (6) Emergency Notification System (reverse 911) The first four projects are part of a proposed Public Safety Bond Issue planned to go before voters in FY 09/10.

All of the projects included in the Communications/911 Center's CIP were found to be in general conformance with the Comprehensive Plan.

2. Pershing Auditorium

Pershing Auditorium's proposed capital improvements program includes funds for the continued refurbishing and renovation of the Auditorium over the six-year period. Recently, there has been much discussion regarding a new arena facility, probably in the Haymarket area. A future bond issue for a new arena is shown in the Urban Development Department section of the CIP. Should the community vote to move forward with the new arena, Pershing Auditorium will still need to be maintained in a safe and operable condition for several years before the new arena is available for use. If the bond issue is not approved by the community, the Pershing CIP discussion will be dramatically different next year.

All of the projects included in the Pershing Auditorium's CIP were found to be in general conformance with the Comprehensive Plan.

C. FIRE & RESCUE DEPARTMENT

Lincoln Fire and Rescue Department's proposed CIP submittal includes six projects. These projects involve two new fire stations (one to the north and one to the south), remodel of a third, an automatic vehicle locator (AVL) project, replacement of four aerial pumpers, and improvements to the educational, training and fleet service campus to enhance operations. The AVL project is proposed for Year 1, all other projects are proposed to be part of a Public Safety Bond Issue planned to go before voters in FY 09/10.

All of the projects included in the Fire Department's CIP were found to be in full or general conformity with the Comprehensive Plan.

D. LINCOLN CITY LIBRARIES

The Lincoln City Libraries are proposing two projects in the six year CIP. The largest single project of the Department's proposed \$51 million capital improvement program is the replacement of the Bennett Martin Library in FY 2012/13. This project is proposed for a combination of a general obligation (GO) bond and other financing, likely to include private fund raising. The Bethany Branch Library roof is also proposed for replacement in 09/10.

The Lincoln City Libraries' CIP was found to be in general conformance with the Comprehensive Plan.

E. LINCOLN ELECTRIC SYSTEM

The Lincoln Electric System's proposed \$258 million capital program embodies a substantial investment in electrical power supply and distribution for the community over the six-year period. Underground Distribution accounts for over \$83 million, with the majority going to new residential and commercial development, and Power Supply amounts to over \$71 million, with the major components being LES's investment in the Laramie River Station and a future base load resource yet to be identified.

The Lincoln Electric System CIP was found to be in full or general conformity with the Comprehensive Plan.

F. AGING

The Aging Division of the Mayor's Office is proposing two projects in the six years of the CIP programming period. The capital program for the Aging/Community Services Division of the Mayor's Office, totaling approximately \$3.7 million for the construction of a new Northeast ActiveAge Center, and preliminary work for a new Southwest ActiveAge Center. The Northeast ActiveAge Center is programmed for the third and fourth year of the CIP. The proposed ActiveAge Center in Southwest Lincoln is programmed for the sixth year and involves preliminary design. Funding for the program consists of City General Revenue funds, money from Lancaster County, and Other Funding made up largely of private donations. No funds are requested in FY 2008/09.

The Aging/Community Services Division CIP was found to be in general conformance with the Comprehensive Plan.

G. POLICE DEPARTMENT

The proposed capital program for the Police Department involves five projects – relocation of the LPD K9 Training Facility, a study for a new assembly station in south Lincoln and construction of the facility and a master plan for the Police Garage and replacement of that facility. The first project is shown in 2008/09 using Other Financing to relocated the existing K-9 facility. The Team Assembly Station, Phase I & II, and the LPD Garage, Maintenance and Repair Facility are part of a proposed Public Safety Bond Issue planned to go before voters in FY 09/10.

The Police Department CIP was found to be in general conformance with the Comprehensive Plan.

H. URBAN DEVELOPMENT

The Urban Development Department's Administration Division proposed CIP includes twenty-four projects totaling over \$362 million over the six-year period. The majority of funding for the program consists of Community Improvement Financing (or Tax Increment Financing), General Obligation Bonds, and Community Development Block Grants. Revenue Bonds, City General Revenue funds, and Service Charges make up the remainder of the funding. This is the first year that Parking, formerly part of Public Works and Utilities, has been part of Urban Development.

The most notable project of the Urban Development CIP is the proposed West Haymarket Redevelopment project to include a possible Arena. This project would be funded at least in part with General Obligation Bond funds which would come before the voters of Lincoln some time in FY 08/09. Other notable projects include the Antelope Valley Redevelopment at about 20th & R Streets, a planned public parking garage at a location in the downtown or Antelope Valley area yet to be determined, and continued North 27th Street Redevelopment.

The Urban Development CIP was found to be in full or general conformity with the Comprehensive Plan.

I. CITY-COUNTY HEALTH DEPARTMENT

The City-County Health Department did not submit a capital improvement program for 2007/08 - 2012/13

J. PARKS AND RECREATION

Proposed capital improvements to the City's parks and recreation system are projected to cost around \$47.5 million over the six-year period. General obligation (GO) bonds, general revenue, revenue anticipation notes, keno funds, transportation enhancement funds, and impact fees account for the majority of the funds programmed for the CIP. Funds from private sources are also being shown for a substantial portion of the six year improvement program. Golf capital improvement funds, and athletic fees account for the balance.

A general obligation (GO) "Quality of Life Bond Issue" request amounting to \$19.9 million is requested for 2011/12 for recreation center space with schools, renovation of several existing pools, major improvements to sports fields, renovation of Sherman Field, and replacement and upgrade of the central section of the Billy Wolff Trail (27th to A Streets).

A major effort of the Parks & Recreation CIP is the development of a new community park along a portion of Antelope Creek, recently named "Union Plaza". The first year of the CIP contains almost \$7 million dollars in Revenue Anticipation Notes (\$2.1 million) and Other Financing (\$4.8 million), which could include private donations and grant funds.

The full first year Parks and Recreation program includes \$11.6 million in capital projects, including \$6 million in projects involving "Other Financing." A significant amount of funds in the "Other Financing" category is from private donations and grants.

All projects included in the Parks and Recreation Department's CIP were found to be in full or general conformity with the Comprehensive Plan.

D. PUBLIC WORKS AND UTILITIES

The Public Works and Utilities Department's capital program includes projects for seven divisions: (1) StarTran; (2) Streets and Highways; (3) Watershed Management; (4) Street Maintenance Operations; (5) Water; (6) Wastewater; (7) Solid Waste.

1. StarTran

StarTran's six-year, \$10 million, proposed capital improvement program is funded largely through Federal transportation money, with the balance coming from City general revenue funds and special reserves. The largest single capital item is the financing of the purchase of 15 full-size buses over the six-year period and the beginning of accumulation of funds for replacement of 20 more busses in future CIP years.

All of the projects in StarTran's CIP were found to be in general conformance with Comprehensive Plan.

2. Streets and Highways

The Streets and Highways capital program proposed by Public Works identifies 39 projects totaling \$187.8 million over the six year programming period, an increase over past CIPs. These projects range from resurfacing projects, pedestrian facilities to the construction of major new roadway facilities.

With the adoption of the 2030 Comprehensive Plan in November of 2006, a list and maps of specific street projects were included as part of the Plan. The "Streets and Highways" CIP submittal has been closely coordinated with the 2030 Comprehensive Plan which was used in determining Comprehensive Plan conformity.

A variety of Federal, State and City revenues are utilized to fund the program, including Impact Fees that were adopted in January 2003 and began June 2, 2003. The Streets and Highways program requires new and increased revenues over the six years to fund all the projects shown.

The notable projects in the first year include continuing the Antelope Valley roadway improvements; Southwest 40th Viaduct; arterial projects within impact fee districts, and N 14th Street, Superior to Alvo.

All of the projects included in the Streets and Highways' CIP were found to be in full or general conformity with the Comprehensive Plan.

3. Watershed Management

The proposed Watershed Management CIP contains approximately \$36.2 million in improvements over the six year period. The passage of two general obligation (GO) bond issues (in FY 2010/11, and FY 2012/13) would constitute the bulk of the funding for these improvements -- currently proposed to be about \$26.6 million. The remaining watershed management projects are proposed to be funded through General Revenue funds, State/Federal Funds and Other Financing. These projects include city subsidy to storm drainage construction in paving districts, preliminary planning efforts, miscellaneous storm sewer improvements, implementation of watershed master plan projects, water quality projects, stream rehabilitation, floodplain/floodprone engineering and projects, and the continued development of a Comprehensive Watershed Master Plan.

All of the proposed projects in Watershed Management's CIP were found to be either in full or general conformity with the Comprehensive Plan.

4. Street Maintenance Operations

The Street Maintenance Operations' proposed CIP involves the replacement and upgrade of Gasboy sites; repair to the roofs of the 3180 South Street facility and the 3200 Baldwin facility, and the eventual replacement of the 32nd and Baldwin and 901 North 6th Street facilities as part of the Antelope Valley and West Haymarket Projects.

The projects contained in the Maintenance's CIP request was found to be in general conformance with the Comprehensive Plan.

5. Water Supply and Distribution

The proposed Lincoln Water System CIP contains approximately \$109 million in water supply, treatment, storage and distribution improvements over the six-year period. Included in this year's submittal are projects intended to enhance water services to the existing City, while others will serve developing areas of Lincoln. The CIP has been prepared based upon information and recommendations contained in the 2030 Comprehensive Plan and 2002 Lincoln Water System Facilities Master Plan. Funding sources for projects include developer contributions, revenue bonds, utility revenues, and impact fees.

Notable first year capital projects include a control system upgrade, Ozone system modifications which will delay the need for expanded treatment facilities, major transmission lines and selected replacement of mains, and reimbursements for new distribution mains in growth areas.

All of the proposed projects of the Lincoln Water's CIP were found to be in general conformance with the Comprehensive Plan.

6. Wastewater

The proposed Lincoln Wastewater CIP contains approximately \$103 million in projects, encompassing both the Theresa Street and Northeast Treatment Plants, construction of new sanitary sewer mains, and the selective replacement of existing mains over the six-year period. The CIP has been prepared based upon information and recommendations contained in the 2030 Comprehensive Plan and the recently adopted Lincoln Wastewater Facilities Master Plan. Funding sources for projects include developer contributions, revenue bonds, utility revenues, community improvement financing (TIF) and impact fees.

Notable capital projects include projects associated with Antelope Valley, sub-basin sewers and trunk extensions in the area of S 40th & Rokeby Road, extending the trunk sewer to near S 1st and West Denton Road, improvements in the area of Highway 77 and I-80, improvements to capacity in the Oak Creek basin, extensions of the trunk sewer and sub-basin sewers in the area of S 70th & Yankee Hill Road, Phases I, II and III of the Stevens Creek Basin trunk sewer, Theresa Street and Northeast Treatment Plant capacity and upgrade improvements.

All of the projects in the proposed Wastewater's CIP were found to be either in full or general conformance with the Comprehensive Plan.

7. Sanitary Landfill

Proposed capital improvements for the Sanitary Landfill include projects related to the Bluff Road Sanitary Landfill, the North 48th Street Landfill and Transfer Station, and the Solid Waste Management System. The CIP totals approximately \$19.4 million over the six-year period.

Notable projects include liner and leachate collection systems for three new phases and final caps for three older phases of the Bluff Road landfill, development of a landfill gas collection system, expansion of recycling facilities, park development for the N 48th Street landfill after closure, and identification of a new construction and demolition landfill site.

All of the projects in the proposed Sanitary Landfill's CIP were found to be in general conformance with the Comprehensive Plan.

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